

THE ART OF THE PIVOT

WKFC Underwriting Managers is an organisation that is constantly striving to do things differently, says president and CEO **Dawn D’Onofrio**

Working as part of Ryan Specialty Group Underwriting Managers (RSGUM) entails constant process evolution and anticipation of emerging industry trends, according to Dawn D’Onofrio, president and CEO of WKFC Underwriting Managers and CorRisk Solutions.

D’Onofrio is responsible for a sizeable property portfolio at the managing general underwriter (MGU), which is celebrating its 25th year of doing business in 2019.

She’s spent a decade building a bundle of complementary products around US real estate business – from shopping malls to apartments and condos.

However, she’s keen to place the stress less on continuity and more on the organisation’s ability to pivot – particular when responding with the use of data and predictive analytics.

The leading MGUs are the ones that are nimble and can address change appropriately and quickly, according to D’Onofrio.

“Pat Ryan, chairman and CEO of Ryan Specialty constantly challenges operating units to raise the bar, and I love that; we’re an organisation striving to do things differently,” says D’Onofrio.

“Just because we’re delivering a strong loss ratio doesn’t mean we can’t do things better. Not many MGUs have lasted as long as we have, and that’s because we’re constantly looking to offer products customers need,” she adds.

D’Onofrio prides herself on her underwriting background, now that she leads a team of 50 underwriters transacting business on behalf of WKFC’s other stakeholders, the carriers that back the MGU on a long-term basis.

“That’s my passion. You’re talking

to an underwriter, and I see things through that lens,” she says.

But at WKFC, it’s the relationship between underwriting skills and the technical strengths of actuaries, good data, and predictive analytics, which she’s keen to emphasise.

Predictive analytics

Most of what WKFC does is driven by its technical analysis, but D’Onofrio also stresses a strong belief in the role of traditional underwriting nous and human interaction in the insurance process.

According to her, the modern underwriter’s skillset is a symbiosis between data science and more traditional underwriting strengths.

“Underwriting, the way I trained 27 years ago, simply doesn’t exist anymore,” D’Onofrio explains. “Data, plus underwriting, plus broker relationships – that is our formula for success.”

The focus is on getting high-quality, refined data to the underwriter’s desk quickly and efficiently. To this end, since 2016, WKFC has embraced predictive analytics to gain a more technical approach.

“Our underwriters fully understand that the delivery and assimilation of data makes them better at their jobs,” says D’Onofrio. “When the underwriter gets an account, we’ve

typically already run nine different reports, the results of which come up in their workstation to inform them.”

Behind the scenes there’s the actuarial pricing, outlining how low rates can go while still turning a profit for WKFC’s carrier backers. The underwriter completes that pricing progress, D’Onofrio explains.

She also suggests that the stereotypical friction of the underwriter-actuary relationship can provide a healthy balance – one that has strengthened with the firm’s deeper use of analytics.

“The push and pull between underwriters and actuaries has come full circle because the underwriters appreciate the value actuaries bring to the table,” D’Onofrio notes.

“My colleagues say it’s unusual for underwriters to talk so positively about the actuaries, but we have worked hard to get there. Of course, they don’t always like what the actuary has to tell them, but they respect the job they’re doing,” she continues.

None of this undermines the role of the underwriter, emphasises D’Onofrio, who wants underwriters to develop their broker and client relationships and be willing to get out from under their desks to do that.

“Underwriters breathe life into the numbers because they know the market,” she says. “Strong relationships with brokers and customers are vital. You need to have a face-to-face-relationship with your customer, to develop trust and to hold broker relationships accountable.”

She also wants underwriters to be more geographically focused. “We hire underwriters with strong local knowledge. Typically we want New York underwriters writing New York

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business, for example, and the same goes for our other offices,” D’Onofrio adds.

Towards the pivot

Disruption of the conventional understanding of risk is a common topic of conversation among D’Onofrio’s management team. She is a firm believer in the dramatic effects of climate change, for instance.

“The world is changing. The extreme weather in recent years has been unprecedented. We, from an underwriting perspective, must respond to the changing weather patterns as weather events increase in their frequency and severity.”

asked what we did well and what we didn’t do well. Looking at claims is so important to learning lessons – and frankly there typically are lessons to learn.”

From Hurricane Matthew, D’Onofrio emphasises aggregation management as the MGU’s biggest takeaway. WKFC is unusual among MGUs for its investment in catastrophe modelling capabilities, she notes.

“We have the technology to track weather events 10 days in advance, and we’ve invested in tools to track the amount of subject aggregates. We’re investing in places other MGUs probably can’t afford to.”

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WKFC is scrutinising its claims costs as well as its upfront risk selection.

“We look at our claims data, and the costs of claims are going up because of so many factors that all tie in. Materials cost more, labour costs more, there are more cat events, and more attritional claims,” says D’Onofrio.

This makes the job more challenging but also more interesting, she argues, in continuing to find innovative solutions and to pivot the business accordingly.

For her, previous pivots include Hurricane Sandy, which transformed the MGU’s approach to underwriting flood risk, which D’Onofrio confesses was “generic” before Sandy struck in 2012.

“We’ve taken these loss events,

Visionary analytics

RSGUM deserves the credit for allowing the leeway to invest in such analytics tools, D’Onofrio stresses. “Being owned by RSGUM has opened up doors for us. RSGUM targets a longer-term vision and is willing to invest, knowing that sometimes an investment may not turn a short-term profit, but in the longer term it will pay off,” she says.

Better analytics means the ability to more nimbly deploy capacity towards opportunities

and steer clear of risky bets that good data can warn against.

WKFC has shrunk its cat exposure amid fiercely competitive pricing, for example. California marks a big opportunity “to weave in and out of”, with the right data to avoid wildfire risk D’Onofrio adds.

“We want to go where others are pulling out when the data we have available tells us we can do a better job and make an underwriting profit. People are asking what’s their wildfire exposure – in our case, we know exactly what it is (or not), because we’ve already been looking at that,” she explains.

“We have the ability to pull back or speed ahead in response to market conditions, and we don’t have to write business for the sake of writing business. Not every MGU has that luxury.”



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